
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

by Attorney General Wayne Stenehjem's
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AUTOMATIC DEBIT SCAMS

Fraudulent telemarketers are using yet another way to steal your money, this time from your checking account. Consumers across the country are complaining about unauthorized debits (withdrawals) from their checking accounts.

Automatic debiting of your checking account can be a legitimate payment method; many people pay mortgages or make car payments this way. But fraudulent telemarketers are often abusing the system. Here's how!

You either get a postcard or a telephone call saying you have won a free prize or can qualify for a major credit card, regardless of past credit problems. If you respond to the offer, the telemarketer often asks you right away, "Do you have a checking account?" If you say "yes," the telemarketer then goes on to explain the offer. Often it sounds too good to pass up.

Near the end of the sales pitch, the telemarketer may ask you to get one of your checks and to read off all of the numbers at the bottom. Some deceptive telemarketers may not tell you why this information is needed. Other deceptive telemarketers may tell you the account information will help ensure that you qualify for the offer. And, in some cases, the legitimate telemarketer will honestly explain that this information will allow them to debit your checking account.

Once a telemarketer has your checking account information, it is put on a "demand draft," which is processed much like a check. The draft has your name, account number, and states an amount. Unlike a check, however, the draft does not require your signature. When your bank receives the draft, it takes the amount on the draft from your checking account and pays the telemarketers' bank. You may not know that your bank has paid the draft until you receive your bank statement.

Remember, if you give your checking account number over the telephone to a stranger for "verification" or "computer purposes," **that person could use it to improperly take money from your checking account.**

What You Can Do To Protect Yourself

It can be difficult to detect an automatic debit scam before you suffer financial losses. If you **do not know with whom you are talking**, follow these suggestions to help you avoid becoming a victim:

- Don't give out your checking account number over the telephone **unless** you know the company and understand why the information is necessary.
- If someone says they are taping your call, **ask why**. Don't be afraid to ask questions.

Companies do **not** ask for your bank account information unless you have expressly agreed to this payment method. Therefore, if a caller asks for your checking account number or other information printed on your check, you should follow the same warning that applies to your credit card number -- **never give out checking account information over the telephone unless you are familiar with the company and agree to pay for something.**

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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